

Wheat Weekly Research Report

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Wheat Domestic Market Fundamentals

Kanpur Wheat Mill delivery was traded at Rs. 2200 per quintal up by 1.85 percent from previous week's Rs. 2160 per quintal. Most of the UP crops are being exported and private traders are paying huge prices for the stock which is supporting the market. There is also yield reduction in the state by almost 10% which is also keeping the prices on firm side.

As of 28th April, the government wheat procurement stood at 156.92 Lakh MT (LMT). The procurement in Uttar Pradesh, Rajasthan, Gujarat remains low.

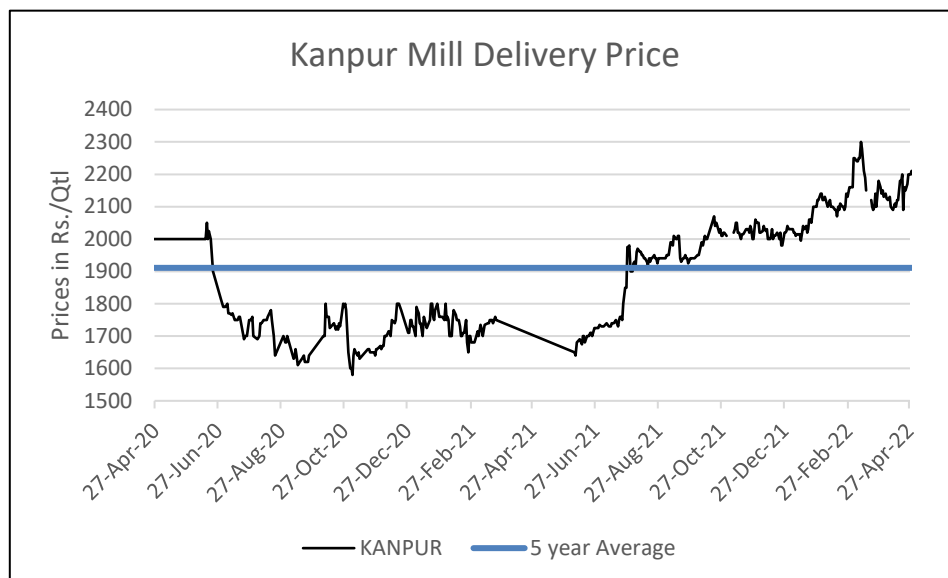
The wheat procurement in Punjab on 27th April stood at 1.6 LMT which is down from 1.98 LMT on previous day. The procurement is decreasing day by day and it is surely not going to reach the procurement target of 132 LMT.

During the ongoing procurement season, the mandis in Haryana have registered a 42% fall in wheat procurement when

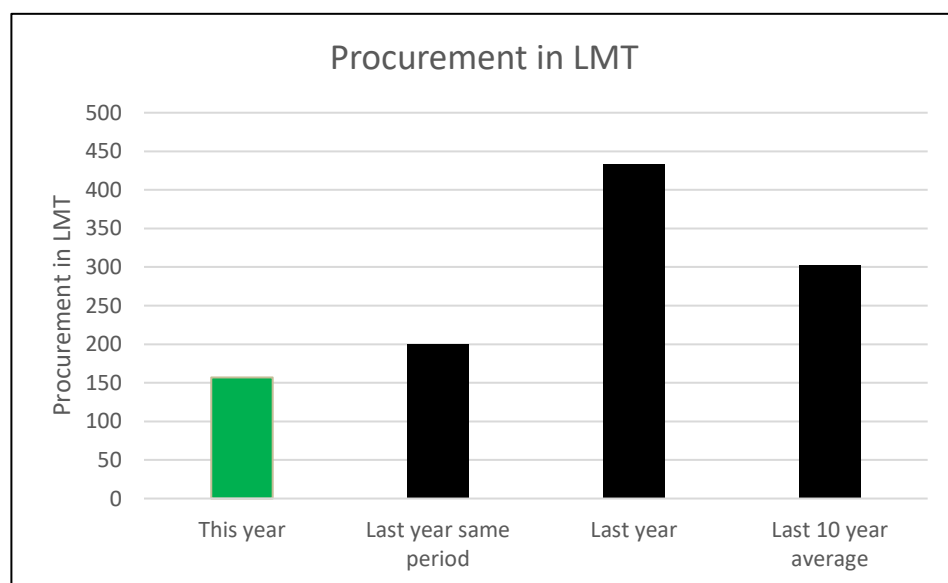
compared to the corresponding period in 2021. Till April 26 this year, as much as 41.10 LMT of wheat has been procured in mandis mainly by the government agencies while this figure was 70.41 lakh MT in 2021 during the same period. It is unlikely that the procurement will cross 50-55 LMT against the target of 85 LMT which seems impossible to achieve with current pace.

As per AgriWatch, the overall production is estimated at 989.98 LMT down from previous estimate of 1038.00 LMT. The production is also down from previous year production of 1026.75 LMT. Our production estimate is based on various trades sources. During initial period we expected good production due to favorable environmental factors

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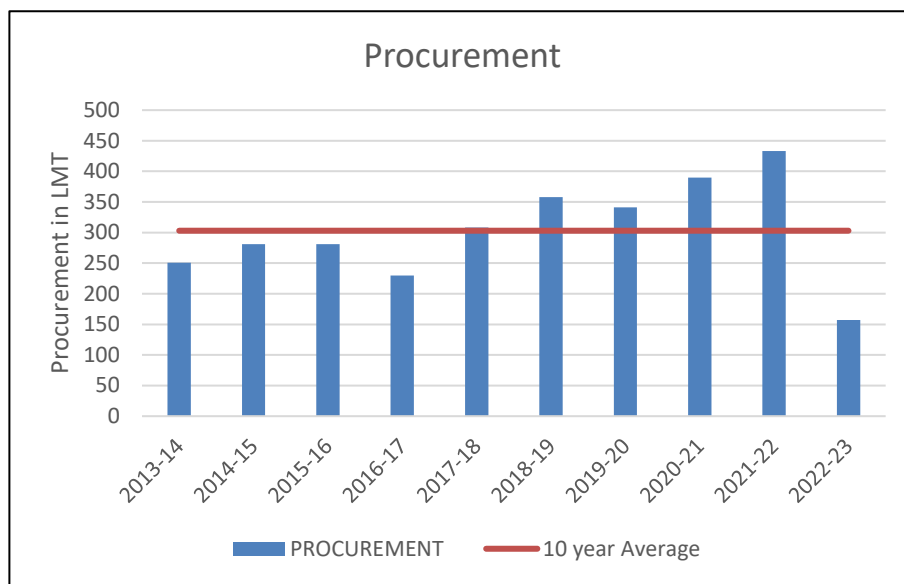
Source: AgriWatch



Source: FCI

in the month of December and January. But the situation got alarming when the temperature rose drastically in the month of March leading to shrunken grains and reduction in yield.

As per sources, Indian railway has brought new restrictions for wheat exports. The railways have restricted the number of rakes for wheat to 279 for the month of May 2022 to port destinations. This can be done in view of providing better transportation for coal supply to prevent energy shortage or it can be an unofficial way to restrict wheat exports which is creating concern for domestic stocks.



Currently around 22 vessels in Kandla, 2 vessels in Mundra and 1 vessel in Vishakhapatnam is loading for wheat exports. 1 vessel loading from Kakinada Port is also expected in coming days. The movement of stocks through road and rake is good, though with current coal shortage most of the rakes are shifting to coal supply. And due to political instability with Pakistan, export to Afghanistan has been suspended.

Outlook & Recommendation: Currently the market is reacting due to the news of imposing export duty to restrict the wheat exports. Though no notification or circular has been published by the government, most of the traders are skeptical about the current situation and they fear that in coming days some type of restrictions may come in the market with procurement reaching all time low. This is creating a weak sentiment in the market. It is expected that in coming days, the prices would trade steady to weak.

Trade Call: There is no NCDEX trading currently.

Weather Outlook: The heatwave scenario is continuing in Northern part of country. The wheat crop has been harvested in almost all the part thus there would be negligible to nil impact on the crop due to the heatwave.

Wheat Weekly Export

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A week-on-week Exports	Quantity in MT	Average FoB (\$/T)
01-08 Feb-2022	97912.64	331.12
9-15 Feb-2022	193472.56	331.73
16-23 Feb-2022	48174.54	359.68
24-28 Feb-2022	25492.70	425.13
Total	365052.43	353.47

Source: Trade

Wheat Import

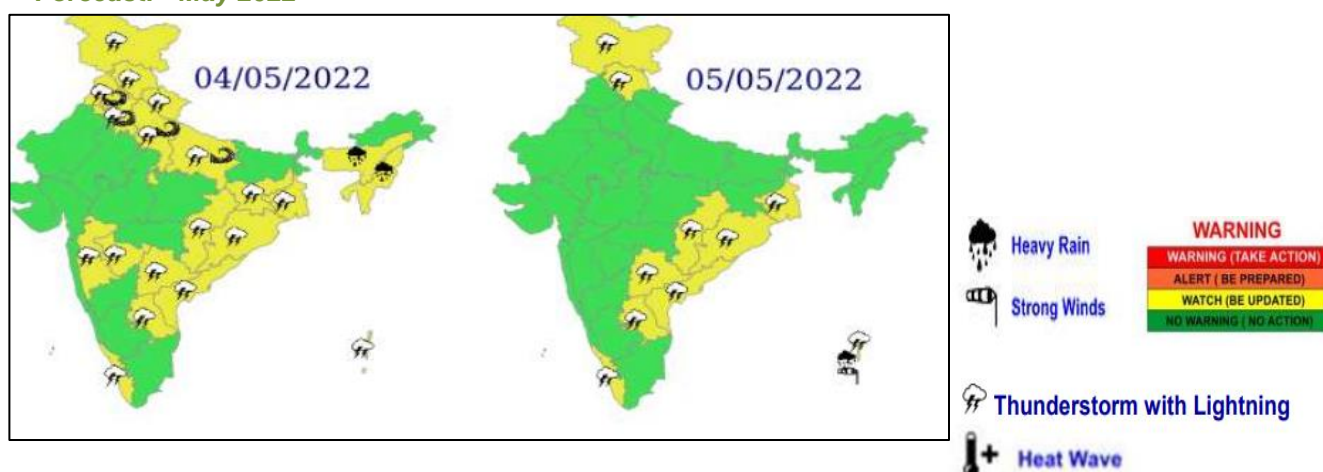
Date	Origin	Port	Quantity in MT
April to Dec-2021	Australia, UK	Tuticorin	51.06
	Mexico, USA		3.00
	Total		54.06

Source: Apeda

Weather: -

Weather forecast:

Forecast: - May 2022

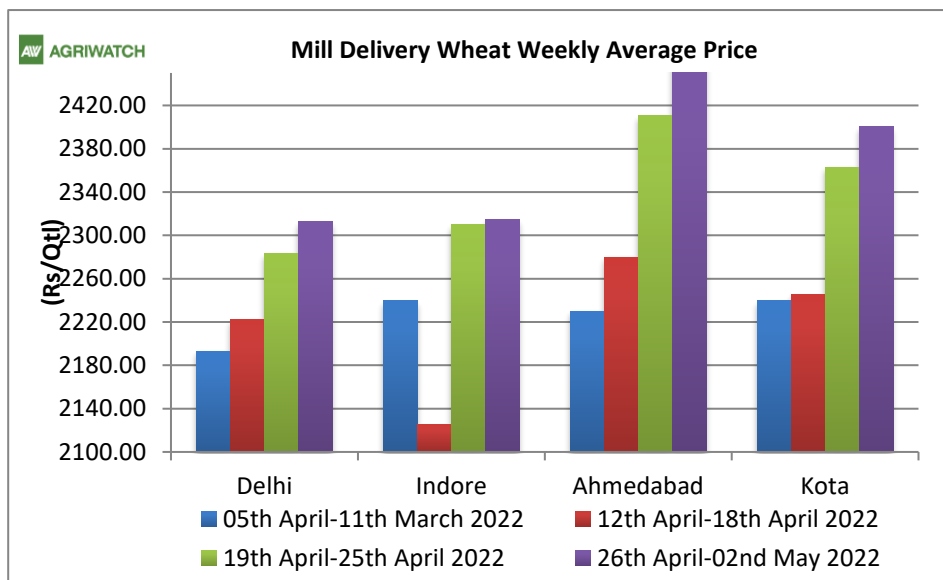


Source: IMD

Wheat Weekly Average Price Chart

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In all the mandis, the prices were showing firm tone. Good exports are supporting the market. Though in the coming days it is expected that government might restrict exports which would create weak sentiments. In Delhi, the prices are expected to trade in the range of Rs. 2320-2280 per quintal in coming week. In Indore, the expected price range is Rs. 2330-2270 per quintal. In Ahmedabad, the expected range is Rs. 2500-2430 per quintal.



Wheat and Rice Stocking Norms

<u>Wheat Stock Norms</u>						
Fig. In Lakh Tonne	Operational Stock			Strategic Reserve		
	Rice	Wheat	Total	Rice	Wheat	Grand Total
As on						
1st April	115.80	44.60	160.40	20.00	30.00	210.40
1st July	115.40	245.80	361.20	20.00	30.00	411.20
1st October	82.50	175.20	257.70	20.00	30.00	307.70
1st January	56.10	108.00	164.10	20.00	30.00	214.10
Buffer Norms w.e.f. 01.07.2017						

Procurement RMS 2022-23

State/UTs	Procurement as of 20 th April-2022 (Figures in LMT)		
	FCI (A)	State Agency (B)	Total (A+B)
Punjab	4.82	80.87	85.69
Haryana	3.35	33.61	36.96
Uttar Pradesh	0.03	1.20	1.23
Madhya Pradesh	0	32.96	32.96
Bihar	0	0.01	0.01
Rajasthan	0.01	0.00	0.01
Others	0.05	0.01	0.06
All-India	8.26	148.66	156.92

FOB & CIF Quote for Wheat at Kandla
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	At Kandla
Mill delivery (Rajkot)	24250
Freight charge	310
Misc. Charges (port handling)	650
FOB (at Kandla Rs/T)	25360
FOB value in \$ for FAQ	329.11
Freight Charges (US \$/ton) to Dubai	44
Insurance @ 0.1% (\$/MT)	32.91
CIF to Dubai (value in \$ for SRW)	406.02

(INR value: 76.60 as on 28.04.2022)

The Indian wheat FOB prices quoted at 329.11 per tonne which is up from 318.60 per tonne last week. The huge export demand is driving the FOB on firm side. Though in coming week, we can expect the FOB to go slightly on down side as the market is currently reacting to export duty rumour.

Indicative FOB Quotes:

Wheat FOB	Variety	Current Week	Week Ago	Month Ago	Year Ago	% Change over Prev. Week
		28-Apr-22	21-Apr-22	28-Mar-22	28-Apr-21	
USA (Chicago)	2srw	439	437	440	-	0.46
France	FCW3	437	448	424	-	-2.46
Argentina	ASW	450	439	401	-	2.51
Russia	SRW	380	375	405	-	1.33
India	FAQ	329.11	320.74	315.06	-	2.61

International Weekly Outlook:

The US FOB is up by 0.46 percent compared to previous week. Good rainfall forecast is predicted for the coming days which would improve the production and pressurize the prices. The French crop rating remains stable. 91% of the crop is rated good to excellent which is similar to last week. The rating is better than 81% previous year. The crop rating is keeping the prices down. Argentina's lower production forecast is keeping the prices on firm side. wheat remains steady as the sales were expected to be on downside this week. The Russian FOB were on firm side. The trade from Russia has improved keeping the prices firm.

Spot Price at NCDEX Delivery Centers:

Spot prices of wheat at NCDEX Delivery Centers					
NCDEX SPOT	Today	Week Ago	Month Ago	Year Ago	% Change over prev. Year
	28-Apr-22	20-Apr-22	28-Mar-22	28-Apr-21	
Indore	2252	2194	2150	-	-
Delhi	2330	2275	2314	1871	24.53
Kanpur	2210	2220	2180	1680	31.55
Rajkot	2442	2372	-	-	-
Kota	2387	2372	2310	1885	26.63

Domestic Market Weekly Outlook:

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Spot Market Price:							
Centre	Market	Variety	Prices (Rs/Qtl)				
			Today	Yesterday	Week Ago	Month Ago	Year Ago
			30-Apr-22	29-Apr-22	23-Apr-22	30-Mar-22	30-Apr-21
Delhi	Lawrence Road	Mill Delivery	2300	2300	2300	2275	Closed
	Narella	Mill Quality Loose	2200	2200	2200	Closed	Closed
	Nazafgarh	Mill Quality Loose	2200	2200	2150	Closed	Closed
Gujarat	Rajkot	Mill Delivery	2450	2450	2370	-	Closed
	Ahmedabad	Mill Delivery	2460	2500	2420	-	Closed
	Surat	Mill Delivery	2500	2550	2460	-	Closed
	Dhrol	Mill Delivery	NA	2375	2360	-	-
M.P.	Indore	Mill Delivery	2300	2300	2250	-	Closed
	Bhopal	Mill Quality Loose	2000	2000	2075	-	Closed
Rajasthan	Kota	Mill Quality Loose	2250	2275	2250	2125	Closed
		Mill Delivery	2400	2425	2400	2250	Closed
U.P.	Kanpur	Mill Delivery	2200	2210	2150	2160	Closed
	Mathura	Mill Quality Loose	2210	2250	2210	2080	Closed
	Kosi	Mill Quality Loose	2200	2200	2170	2020	Closed
	Hathras	Mill Quality Loose	2200	2200	2200	2150	Closed
	Aligarh	Mill Quality Loose	2150	2140	2140	2110	Closed
Punjab	Khanna	Mill Quality Loose	2040	2030	2025	2050	1975



	Ludhiana (Jagraon)	Mill Delivery	2150	2150	2125	-	-
Haryana	Sirsa	Mill Delivery loose	2100	2100	2070	2115	1975
	Hodal	Mill Delivery	-	-	-	-	-
	Bhiwani	Mill Quality Loose	2200	2200	2100	2225	1880
	Karnal	Mill Delivery	-	-	-	-	-
	Panipat	Mill Quality Loose	2050	2050	2040	-	1975
Tamil Nadu	Chennai	Mill Quality	2500	2500	2500	2500	Closed
	Madurai	Mill Quality	2557	2700	2700	2700	Closed
	Coimbatore	Mill Quality	2557	2750	2750	2750	Closed
Bihar	Khagariya	Mill Delivery	2200	2200	2200	2050	1750
	Muzaffarpur	Mill Delivery	2100	2100	2200	-	1700

[Ongoing Rabi sowing 2021-22](#)

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Rabi sowing update (as on 04.02.2022)				
State	Normal area (2021)	2021	2020	Absolute Change 2021 vs. 2020
Bihar	21.25	24.21	22.99	1.22
Chhattisgarh	1.08	1.69	1.98	-0.29
Gujarat	9.44	12.50	13.66	-1.16
Haryana	25.32	23.87	25.21	-1.34
Himachal Pradesh	3.22	3.40	3.40	0.00
J&K	2.80	2.48	2.50	-0.02
Jharkhand	1.94	2.26	2.31	-0.05
Karnataka	1.67	1.67	1.90	-0.23
Madhya Pradesh	58.65	91.96	87.98	3.98
Maharashtra	10.20	10.60	11.88	-1.28
Punjab	35.11	35.02	35.09	-0.07
Rajasthan	29.49	31.00	32.62	-1.62
Uttar Pradesh	96.89	97.23	99.04	-1.81
Uttarakhand	3.32	3.22	3.27	-0.05
West Bengal	2.16	1.89	1.94	-0.05
Others	0.20	0.00	0.000	0.00
All-India	303.06	343.26	346.10	-2.84

International Market Update:
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As per reports, Australia's wheat output in MY 2022-23 is expected to fall by 20% on the year at 29 MMT, from a record 36.3 MMT projected for MY 2021-22. The planting area is seen declining, despite expected favorable conditions and adequate moisture content during the planting season, due to the rising input costs, including increasing fertilizer prices. Due to lower crop, Australia's wheat exports are also seen falling in MY 2022-23. As per reports, Australia may export 22 MMT in MY 2022-23, down by 20% from 27.5 MMT projected for MY 2021-22.

In Pakistan, wheat procurement across the country was in full swing as 74.42% procurement has been done for the current season. For crop season 2021-22, over 5.134 MMT of wheat has been procured so far as against the set target of 6.900 MM in order to maintain strategic reserves of the country as well as keeping the demand and supply smooth in local market.

Canada's wheat acreage is likely to increase during 2022-23 MY by 7 % to 25.03 million acres. The increase in acreage is due to strong prices and higher worldwide demand. Though globally with increase in fertilizer and other input costs, acreage is expected to go down in the coming season specially in Australia, Turkey etc.

As per Buenos Aires Exchange, it is expected that a good rain forecast and cool weather during the austral autumn in Argentina is going to help the 2022-23 wheat crop in the key farm belt growing region ahead of sowing that starts in mid-May.

Wheat export prices of Russian wheat rose last week due to shipments from the country's Black Sea ports. The exports continue despite difficulties with logistics and payments caused by Western sanctions on Prices for wheat with 12.5% protein content for supply in May from Black Sea ports were up \$10 to \$380 FOB at the end of last week.

IGC Wheat Balance Sheet:
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IGC Forecast (Fig-In MMT)	2019-20	2020-21 est.	2021-22 F'cast		2022-23 Proj
			17.03.2022	21.04.2022	21.04.2022
Production	762	775	781	781	780
Trade	185	190	194	193	193
Consumptions	746	771	778	778	785
Carryover stocks	275	279	281	282	277
Y-O-Y change	15	4		3	-5
Major Export	62	60	63	64	66

- IGC has projected 2022-23 global wheat production at 780 MMT down from 2021-22 estimate. IGC has estimated global wheat production at 781 MMT for 2021-22, similar to last month's estimate.
- The trade projection for 2022-23 is 193 MMT similar to 2021-22 forecast.
- Consumption has been increased for 2022-23 projection by 7 MMT compared to 2021-22 forecast.
- Carryout for 2022-23 is projected at 66 MMT which is 2 MMT higher than 2021-22 forecast.

CBOT FUTURES CONTRACT:

CBOT Futures Prices:(USD/T)							
CONTRACT MONTH	Today	Week Ago	Month Ago	3 Month Ago	6 Month Ago	Year Ago	% Change over prev. year
	29-Apr-22	22-Apr-22	29-Mar-22	27-Jan-22	29-Oct-21	29-Apr-21	
May-22	383.47	391.46	388.34	287.40	289.51	265.63	44.36
Jul-22	387.88	395.05	386.32	284.18	285.01	251.85	54.01
Sep-22	388.80	394.31	381.36	284.46	285.19	251.30	54.71
Dec-22	388.80	393.03	375.48	286.02	286.30	-	-
Mar-23	388.53	392.66	366.57	287.49	286.85	-	-
May-23	386.05	390.55	354.91	287.49	212.45	-	-
Jul-23	371.81	376.77	331.67	-	-	-	-

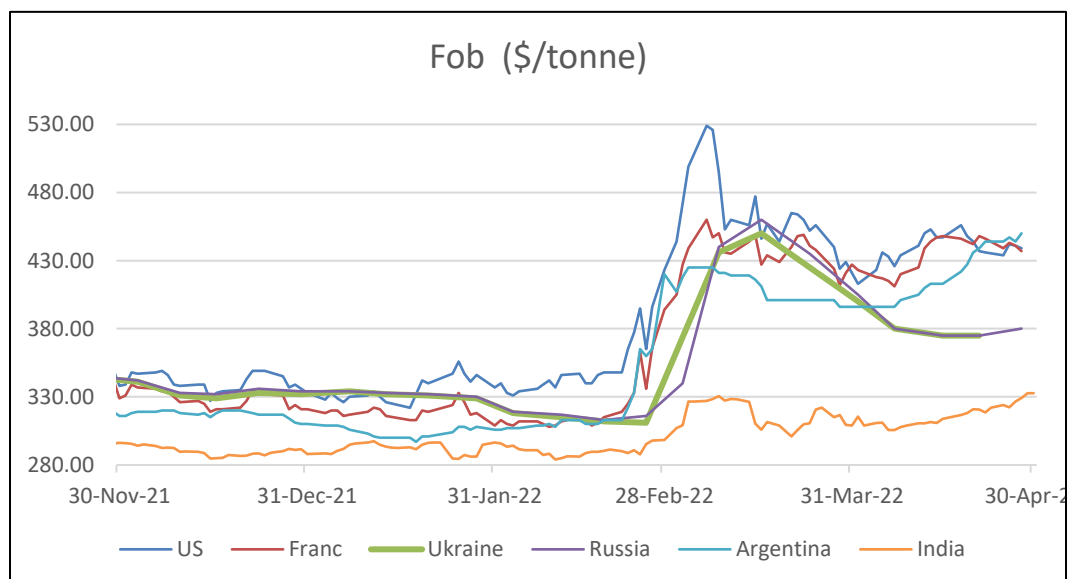
US Wheat Futures May -22
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1st Support: 1048.96
2nd Support: 983.40
1st Resistance: 1157.81
2nd Resistance: 1321.71
(\$ per tonne)

The CBOT wheat futures is moving in range bound. The candles are trading below 9,18 and 50 DMA. MACD crossover suggest bearish trend. And RSI has decreased from 49.87 to 49.24 suggesting decreased buying strength.


International FOB Weekly Price Movement

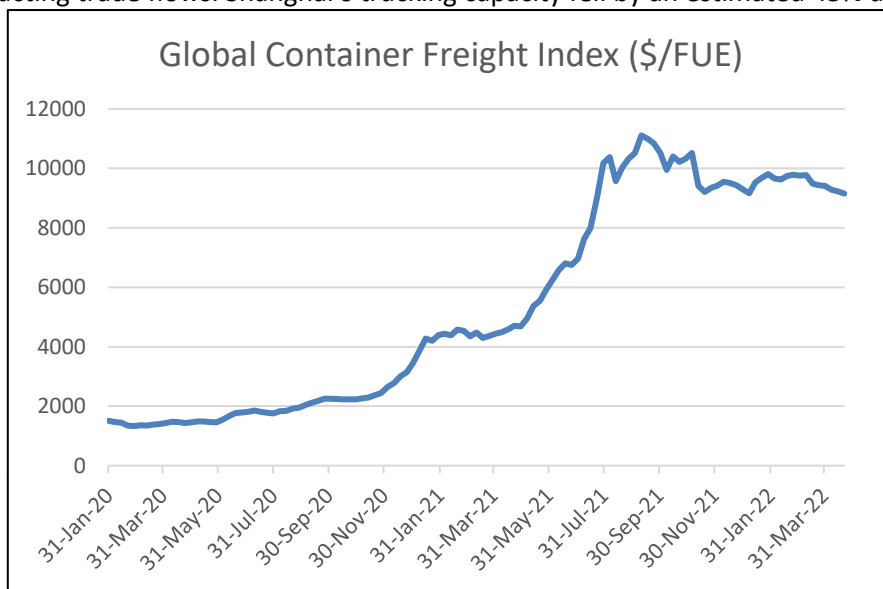
Indian FOB is being quoted at \$332.68 per tonnes. There were good export demand from international market increasing the FOB which still remains largely competitive.



Source: AgriWatch/IGC

Container Freight Index

The global freight index fell by 2.21 percent compared to previous week to \$8955 per Foot Unit Equivalent. As the lockdown in Shanghai continues and restrictions increase in Beijing and other areas, the availability of exports continues to be a major factor impacting trade flows. Shanghai's trucking capacity fell by an estimated 45% and it is difficult to get imported materials from the ports to the factories or available shipments from factories to ports. These factors have led to an estimated 20-30% drop in export volumes out of Shanghai since the lockdown began and a two-day wait for arriving vessels which is up from 12 hours before the lockdown. Many shippers are diverting exports to Ningbo where export volumes have increased 14% and congestion has worsened. Most ships still continue to arrive in Shanghai as the port being open but many are omitting Shanghai port calls or canceling some upcoming services.



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